

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 577, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-30-1-1 IS AMENDED TO READ AS FOLLOWS
- 3 [EFFECTIVE UPON PASSAGE]: Sec. 1. The purpose of this article is
- 4 to establish lottery games in Indiana that are the best available and that
- 5 enable the people of Indiana to benefit from significant additional
- 6 money:
- 7 (1) to encourage outstanding Indiana students to pursue
- 8 higher education opportunities within Indiana and to enter
- 9 Indiana's workforce after graduation;
- 10 (2) to accelerate Indiana's growth by providing grants to state
- 11 educational institutions to support the recruitment and
- 12 retention of world class scientists; and
- 13 (3) for capital improvements.
- 14 SECTION 2. IC 4-30-1-2 IS AMENDED TO READ AS FOLLOWS
- 15 [EFFECTIVE UPON PASSAGE]: Sec. 2. In construing this article, it
- 16 is the intent of the general assembly that the following policies be
- 17 carried out:
- 18 (1) That the lottery games be operated ~~by~~ as provided in this
- 19 article.
- 20 (2) ~~That~~ the state lottery commission ~~which is~~ created by
- 21 IC 4-30-3 as a separate body politic and corporate from state

government ~~and~~ should function as much as possible as an entrepreneurial business enterprise.

~~(2)~~ (3) That the general assembly recognizes that the operation of a lottery is a unique activity for state government and that policies and procedures appropriate for the performance of other governmental functions are not necessarily appropriate for the operation of a lottery.

~~(3)~~ (4) That the lottery games be operated as a self-supporting revenue raising operation.

~~(4)~~ (5) That the commission be accountable to the general assembly and the people of Indiana through a system of audits and reports and by complying with financial disclosure, open meetings, and public record laws.

~~(5)~~ (6) That the commission ensure the equitable participation of minorities and women in all phases of the lottery, including instant game and online retailers and vendors. The commission shall establish annual goals:

(A) for the use of minority and women's business enterprises (as defined in IC 4-13-16.5-1 and IC 4-13-16.5-1.3) in construction, professional services, other services, and supplies; and

(B) derived from a statistical analysis of utilization study of lottery contracts that are required to be updated every five (5) years.

The commission shall, in cooperation with the Indiana department of administration, adopt rules under IC 4-22-2 to ensure that the goals set under this subdivision are met. **A rule adopted under this subdivision continues to apply if a management agreement is in effect.**

~~(6)~~ (7) That lottery game advertising and promotion shall be consistent with the dignity and integrity of the state.

SECTION 3. IC 4-30-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. "Commission" refers to:

(1) the state lottery commission; **or**

(2) **a successor agency, unless the context clearly denotes otherwise.**

SECTION 4. IC 4-30-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. "Director" refers to the director of the commission **or the executive director of a successor agency.**

SECTION 5. IC 4-30-2-3.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

UPON PASSAGE]: **Sec. 3.2. "Gaming commission" means the Indiana gaming commission established under IC 4-33-3.**

SECTION 6. IC 4-30-2-5.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.3. "Management agreement" means an agreement under which a manager will manage the lottery on behalf of the commission.**

SECTION 7. IC 4-30-2-5.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.5. "Manager" means an entity formed under IC 4-30-20 that has entered into a management agreement.**

SECTION 8. IC 4-30-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. "Retailer" means a person who sells lottery tickets ~~on behalf of the commission~~ under a contract with the commission or a manager.**

SECTION 9. IC 4-30-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8. "Vendor" means a person who provides or proposes to provide goods or services to the commission ~~or a manager~~. The term does not include an employee of the commission, ~~a manager~~, a retailer, or a state agency.**

SECTION 10. IC 4-30-2-9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9. "Video lottery game" means an electronically simulated game of chance that is displayed on the screen or video monitor of a video lottery terminal.**

SECTION 11. IC 4-30-3-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. There is created a state lottery commission as a body politic and corporate separate from the state. The commission is composed of five (5) members selected as provided in IC 4-30-4. The commission has the ~~powers and duties set forth in this article~~, including the authority to sue and be sued in the name of the commission and to adopt a commission seal and symbol. The commission shall supervise and administer the operation of the Indiana state lottery in accordance with this article.**

SECTION 12. IC 4-30-3-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4. The commission shall maintain, ~~or require a manager to maintain~~, weekly or more frequent records of lottery transactions, including the distribution of tickets to retailers, revenue received, claims for prizes, prizes paid, and other financial transactions of the ~~commission~~. ~~lottery~~.**

SECTION 13. IC 4-30-3-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6. The commission**

1 shall conduct, **or require a manager to conduct**, market research as
 2 necessary or appropriate, which may include an analysis of the
 3 demographic characteristics of the players of each lottery game and an
 4 analysis of advertising, promotion, public relations, incentives, and
 5 other aspects of communications.

6 SECTION 14. IC 4-30-3-7.5 IS ADDED TO THE INDIANA CODE
 7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 8 UPON PASSAGE]: **Sec. 7.5. (a) Except as expressly provided in this**
 9 **article:**

10 (1) **a rule adopted by the state lottery commission before the**
 11 **effective date of the first management agreement; and**

12 (2) **a provision in this article that requires the commission to**
 13 **adopt rules;**

14 **do not apply if a management agreement is in effect.**

15 (b) **Notwithstanding subsection (a), 65 IAC 1-2 regarding access**
 16 **to public records remains in effect after the effective date of a**
 17 **management agreement until superceded or repealed by a rule**
 18 **adopted by the gaming commission.**

19 SECTION 15. IC 4-30-3-8 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8. (a) The**
 21 **commission may:**

22 (1) **promote and advertise the lottery; or**

23 (2) **authorize a manager to promote and advertise the lottery.**

24 (b) **A promotion may refer to the total lottery prize, even though the**
 25 **prize may be paid over a period of years.**

26 (c) **The commission may:**

27 (1) **act as a retailer and conduct promotions involving the**
 28 **dispensing of free lottery tickets; or**

29 (2) **authorize a manager to act as a retailer and conduct**
 30 **promotions involving the dispensing of free tickets.**

31 (d) **The director may:**

32 (1) **authorize a sales incentive program for employees of the**
 33 **commission for the purpose of increasing the sales volume and**
 34 **distribution of lottery tickets; or**

35 (2) **authorize a manager to develop a sales incentive program**
 36 **for:**

37 (A) **retailers;**

38 (B) **employees of the manager; or**

39 (C) **both retailers and employees of the manager;**

40 **for the purpose of increasing the sales volume and**
 41 **distribution of lottery tickets.**

42 SECTION 16. IC 4-30-3-15 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. The
2 commission may:

3 **(1) charge fees; or**

4 **(2) authorize a manager to charge fees;**

5 to persons applying for a contract as a vendor or retailer. The fees must
6 be reasonably calculated to cover the costs of investigations and other
7 activities related to the processing of the application.

8 SECTION 17. IC 4-30-3-17 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. The
10 commission may:

11 **(1) enter into contracts; or**

12 **(2) authorize a manager to enter into contracts;**

13 with retailers under this article to provide adequate and convenient
14 availability of tickets to the public for each game.

15 SECTION 18. IC 4-30-3-20 IS ADDED TO THE INDIANA CODE
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
17 UPON PASSAGE]: Sec. 20. **(a) This section applies only to**
18 **contributions made after May 31, 2007.**

19 **(b) The definitions set forth in IC 3-5-2 apply to this section.**

20 **(c) As used in this section, "candidate" refers only to the**
21 **following:**

22 **(1) A candidate for a state office.**

23 **(2) A candidate for a legislative office.**

24 **(3) A candidate for a local office.**

25 **(d) As used in this section, "committee" refers to any of the**
26 **following:**

27 **(1) A candidate's committee.**

28 **(2) A regular party committee.**

29 **(3) A committee organized by a legislative caucus of the house**
30 **of the general assembly.**

31 **(4) A committee organized by a legislative caucus of the senate**
32 **of the general assembly.**

33 **(e) As used in this section, "officer" refers only to either of the**
34 **following:**

35 **(1) An individual listed as an officer of a corporation in the**
36 **corporation's most recent annual report.**

37 **(2) An individual who is a successor to an individual described**
38 **in subdivision (1).**

39 **(f) For purposes of this section, a person is considered to have**
40 **an interest in a manager if the person satisfies any of the following:**

41 **(1) The person holds at least a one percent (1%) interest in the**
42 **manager.**

- 1 **(2) The person is an officer of the manager.**
- 2 **(3) The person is an officer of a person that holds at least a**
- 3 **one percent (1%) interest in the manager.**
- 4 **(4) The person is a political action committee of the manager.**
- 5 **(g) A manager is considered to have made a contribution under**
- 6 **this section if a contribution is made by a person who has an**
- 7 **interest in the manager.**
- 8 **(h) A manager or person who has an interest in a manager may**
- 9 **not make a contribution to a candidate or a committee during the**
- 10 **following periods:**
- 11 **(1) The term during which a manager is a party to a**
- 12 **management agreement entered into under this article.**
- 13 **(2) The three (3) years following the final expiration or**
- 14 **termination of the management agreement described in**
- 15 **subdivision (1).**
- 16 **(i) A person who knowingly or intentionally violates this section**
- 17 **commits a Class D felony.**
- 18 SECTION 19. IC 4-30-3-21 IS ADDED TO THE INDIANA CODE
- 19 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
- 20 UPON PASSAGE]: **Sec. 21. (a) On the effective date of the first**
- 21 **management agreement entered into under this article, the**
- 22 **following apply:**
- 23 **(1) All powers, duties, and liabilities of the state lottery**
- 24 **commission are transferred to the gaming commission as the**
- 25 **successor agency, except as otherwise provided in this article.**
- 26 **(2) All records and property of the state lottery commission,**
- 27 **including appropriations and other funds under its control or**
- 28 **supervision, are transferred to the gaming commission as the**
- 29 **successor agency, except as otherwise provided in this article.**
- 30 **(3) An amount owed to the state lottery commission before the**
- 31 **effective date of the management agreement must be paid to**
- 32 **and collected by the gaming commission as the successor**
- 33 **agency, except as otherwise provided in the first management**
- 34 **agreement.**
- 35 **(4) A reference to the state lottery commission in a statute,**
- 36 **rule, or other document is considered a reference to the**
- 37 **gaming commission as the successor agency, unless the**
- 38 **context clearly denotes otherwise.**
- 39 **(b) As the successor agency, the gaming commission may**
- 40 **employ investigators and other staff necessary to carry out this**
- 41 **article. The employees hired by the gaming commission under this**
- 42 **article may be the same as the gaming commission's employees**

1 hired under IC 4-33.

2 (c) The gaming commission may exercise any of its powers
3 under this article or IC 4-33 as necessary or desirable for the
4 performance of the gaming commission's duties and the execution
5 of the gaming commission's powers under this article.

6 SECTION 20. IC 4-30-4-6 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Except as**
8 **provided in subsection (b), the state lottery** commission shall oversee
9 the operation of the lottery and serve as a resource group for the
10 director, providing the director with private sector perspectives on the
11 operation of a large marketing enterprise.

12 (b) **If a management agreement is in effect, the gaming**
13 **commission shall oversee the operation of the lottery, and the state**
14 **lottery commission shall serve as a resource group for the**
15 **executive director, providing the executive director of the gaming**
16 **commission with expertise in lottery operations and private sector**
17 **perspectives on the operation of a large marketing enterprise.**

18 SECTION 21. IC 4-30-4-7 IS AMENDED TO READ AS
19 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. The **state lottery**
20 commission, or a member of the **state lottery** commission may advise
21 the director and make recommendations regarding operations of the
22 lottery and identify potential improvements in this article and in the
23 management of the lottery.

24 SECTION 22. IC 4-30-6-4 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The ~~division of~~
26 **security commission** shall conduct investigations of vendors, retailers,
27 and employees of the commission, **or a manager**, including applicants
28 for contracts or employment, necessary to ensure the security and
29 integrity of the operation of the lottery. The commission may require
30 persons subject to an investigation to provide any information,
31 including fingerprints, that is needed by the state police department to
32 carry out the investigation or that is otherwise necessary to facilitate
33 access to state and criminal history information.

34 SECTION 23. IC 4-30-6-5 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) The state
36 police department shall provide:

37 (1) assistance in obtaining criminal history information relevant
38 to investigations required for honest, secure, exemplary lottery
39 operations; and

40 (2) any other assistance that may be requested by the ~~director~~
41 **commission** and agreed to by the superintendent of the state
42 police department.

(b) Any other state agency, including the department of state revenue and the professional licensing agency, shall upon request provide the ~~lottery~~ commission with information relevant to an investigation conducted under this article. The commission shall reimburse an agency for the actual cost of providing assistance under this section.

SECTION 24. IC 4-30-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The division of security shall supervise ticket validation and lottery drawings **if a management agreement is not in effect.**

SECTION 25. IC 4-30-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. **(a) This section does not apply if the commission enters into a management agreement.**

~~(a)~~ **(b)** After the first full year of ticket sales to the public or sooner if the director considers necessary, the commission shall engage an independent firm experienced in security procedures, including computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the division of security.

~~(b)~~ **(c)** The part of the security report containing the overall evaluation of the commission shall be presented to the commission and the governor. Any part of the security report containing information protected from disclosure by IC 5-14-3 shall not be disclosed by the commission or by the governor.

~~(c)~~ **(d)** After the initial security study, similar studies of security shall be conducted as the commission determines to be appropriate but at least once every two (2) years.

SECTION 26. IC 4-30-6-8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. **(a) If the commission enters into a management agreement, the manager shall implement a security program as provided in the management agreement.**

(b) After the first anniversary of the effective date of a management agreement, or sooner if the director considers necessary, the commission shall engage an independent firm experienced in security procedures, including computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the manager's lottery operations.

(c) The part of the security report containing the overall evaluation of the manager shall be presented to the commission

1 **and the governor. Any part of the security report containing**
 2 **information protected from disclosure by IC 5-14-3 shall not be**
 3 **disclosed by the commission or by the governor.**

4 **(d) After the security study described in subsection (b), similar**
 5 **studies of security shall be conducted as the commission determines**
 6 **to be appropriate but at least once every two (2) years.**

7 SECTION 27. IC 4-30-7-3 IS ADDED TO THE INDIANA CODE
 8 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 9 UPON PASSAGE]: Sec. 3. (a) This section applies to retailer
 10 contracts after the effective date of a management agreement.

11 (b) If:

12 (1) an application of an applicant to become a retailer for any
 13 type of lottery game is denied;

14 (2) an application to renew a retailer contract is denied;

15 (3) an application to change ownership or location is denied;
 16 or

17 (4) the certificate of authority of a retailer is revoked;
 18 by the manager, the retailer or applicant may appeal the decision
 19 under rules established by the commission. A decision by the
 20 commission or a manager with respect to a retailer contract is not
 21 subject to IC 4-21.5.

22 (c) This section does not prohibit a retailer from continuing to
 23 perform under a retailer contract while an appeal is pending. The
 24 manager may not delay payment to a retailer of undisputed
 25 amounts as a result of the filing of an appeal under rules
 26 established by the commission. However, this right to continue to
 27 operate does not apply to a retailer if the commission declares in
 28 a decision that an emergency exists that requires the immediate
 29 termination of the contract and certificate.

30 SECTION 28. IC 4-30-8-1 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The
 32 commission may enter into contracts for the purchase, lease, or
 33 lease-purchase of goods or services necessary to carry out this article.
 34 The commission may ~~not contract with any person or entity for the total~~
 35 ~~operation and administration of the lottery established by this article;~~
 36 but may enter into contracts and make purchases that integrate
 37 functions such as lottery game design, supply of goods and services,
 38 and advertisement.

39 (b) The commission may authorize a manager to:

40 (1) enter into contracts for the purchase, lease, or
 41 lease-purchase of goods or services necessary to carry out this
 42 article; and

(2) enter into contracts and make purchases that integrate functions, such as lottery game design, supply of goods and services, and advertisement.

Contracts and purchases under this subsection are not subject to IC 5-22.

(b)(c) In all procurement decisions, the director, or the commission, if the commission chooses to make the decision, **or a manager, if authorized by the commission**, shall take into account the particularly sensitive nature of the lottery and shall consider the competence, quality of product, experience, and timely performance of the vendors in order to promote and ensure security, honesty, fairness, and integrity in the operation and administration of the lottery and the objective of raising net revenues for the benefit of the public purposes described in this article.

SECTION 29. IC 4-30-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The ~~division of security~~ **commission** shall investigate the financial responsibility, security, and integrity of a person who submits a bid, proposal, or offer as part of a major procurement. At a minimum, each person must disclose at the time of submitting a bid, proposal, or offer to the commission **or a manager** all of the following items:

(1) A disclosure of the vendor's name and address and the names and addresses of the following:

(A) If the vendor is a corporation, the officers, directors, and each stockholder in the corporation, except that in the case of owners of equity securities of a publicly traded corporation only the names and addresses of those known to the corporation to own beneficially at least five percent (5%) in equity securities need be disclosed.

(B) If the vendor is a trust, the trustees and all persons entitled to receive income or benefits from the trust.

(C) If the vendor is an association, the members, officers, and directors.

(D) If the vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers.

(2) A disclosure of all the states and jurisdictions in which the vendor does business and the nature of that business for each state or jurisdiction.

(3) A disclosure of all the states and jurisdictions in which the vendor has contracts to supply gaming goods or services, including lottery goods and services, and of the nature of the goods and services involved for each state or jurisdiction.

(4) A disclosure of all the states and jurisdictions in which the vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked or terminated a gaming license or contract of any kind and of the disposition in each state or jurisdiction. If a gaming license or contract has been revoked or terminated or has not been renewed or a gaming license application or contract bid has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying this failure to receive a license or contract must be disclosed.

(5) A tax clearance statement from the department of state revenue certifying that the vendor is not on the most recent tax warrant list.

(6) A disclosure of the details of a conviction or judgment of a state or federal court of the vendor of a felony or any other criminal offense other than a traffic violation.

(7) A disclosure of the details of a bankruptcy, an insolvency, a reorganization, or any pending litigation of the vendor.

(8) If a vendor subcontracts part of the work to be performed, the vendor shall disclose all the information required by this chapter for the subcontractor as if the subcontractor were a vendor.

(9) Additional disclosures and information the commission determines appropriate for the procurement involved.

SECTION 30. IC 4-30-8-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. A contract for a major procurement with a vendor that does not comply with the disclosure requirements described in section 2 of this chapter may not be entered into and is not enforceable. A contract with a vendor who does not comply with the requirements for periodically updating the disclosures during the tenure of the contract as specified in the contract may be terminated by the commission **or by the manager**. This section shall be construed broadly and liberally to achieve full disclosure of all information necessary to allow for a full and complete evaluation by the commission of the competence, integrity, background, and character of vendors for major procurement.

SECTION 31. IC 4-30-8.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 8.5. Licensing of Lottery Vendors

Sec. 1. This chapter applies to a major procurement if a management agreement is in effect.

Sec. 2. As used in this chapter, "licensed vendor" means a

1 person issued a vendor's license under this chapter.

2 Sec. 3. As used in this chapter, "vendor's license" means a
3 license issued by the commission under this chapter.

4 Sec. 4. (a) A person may not sell, lease, provide, or contract to
5 sell, lease, or provide any of the following equipment, supplies, or
6 services to a manager unless the person holds a vendor's license:

- 7 (1) Printing of tickets to be used in a lottery game.
- 8 (2) Consultation services related to the design or operation of
9 games offered in the lottery.
- 10 (3) Any goods and services involving any of the following:
 - 11 (A) The official recording for lottery game play purposes
 - 12 of a player's selection in a lottery game involving player
 - 13 selections.
 - 14 (B) The receiving of a player's selections directly from a
 - 15 player in a lottery game involving player selections.
 - 16 (C) The drawing, determination, or generation of winners
 - 17 in lottery games.
 - 18 (D) The security services required for the operation of the
 - 19 lottery.

20 (b) Lottery supplies and equipment may not be distributed
21 unless the lottery supplies and equipment conform to standards
22 approved by the director under this chapter.

23 (c) A person is not required to hold a vendor's license to:

- 24 (1) enter into a retailer contract; or
- 25 (2) receive a certificate of authority as a retailer;

26 under IC 4-30-9.

27 Sec. 5. The commission may issue a vendor's license under this
28 chapter to a person if:

- 29 (1) the person has:
 - 30 (A) applied for the vendor's license;
 - 31 (B) paid a nonrefundable application fee set by the
 - 32 commission;
 - 33 (C) paid an annual license fee set by the commission; and
 - 34 (D) submitted the following on forms provided by the
 - 35 commission:
 - 36 (i) if the applicant is an individual, two (2) sets of the
 - 37 individual's fingerprints; and
 - 38 (ii) if the applicant is not an individual, two (2) sets of
 - 39 fingerprints for each officer of the applicant; and
 - 40 (2) the commission has determined that the applicant is
 - 41 eligible for a vendor's license.

42 Sec. 6. A person may not receive a vendor's license if:

- (1) the person has been convicted of a felony under Indiana law, the laws of any other state, or laws of the United States;
- (2) the person has knowingly or intentionally submitted an application for a license under this chapter that contains false information;
- (3) the person is a member of the state lottery commission or the gaming commission;
- (4) the person is an officer, a director, or a managerial employee of a person described in subdivision (1) or (2);
- (5) the person employs an individual who:
 - (A) is described in subdivision (1), (2), or (3); and
 - (B) participates in the management or operation of the lottery; or
- (6) a license issued to the person:
 - (A) under this article or IC 4-33; or
 - (B) to supply gaming supplies in another jurisdiction; has been revoked.

Sec. 7. The following information submitted, collected, or gathered as part of an application to the commission for a vendor's license is confidential for purposes of IC 5-14-3-4:

- (1) Any information concerning a minor child of an applicant.
- (2) The Social Security number of an applicant or the spouse of an applicant.
- (3) The home telephone number of an applicant or the spouse of an applicant.
- (4) An applicant's birth certificate.
- (5) An applicant's driver's license number.
- (6) The name or address of a previous spouse of the applicant.
- (7) The date of birth of an applicant or the spouse of an applicant.
- (8) The place of birth of an applicant or the spouse of an applicant.
- (9) The personal financial records of an applicant, the spouse of an applicant, or a minor child of an applicant.

Sec. 8. (a) A licensed vendor shall furnish to the commission a list of all equipment, devices, supplies, and services provided to a manager in connection with the lottery authorized under this article.

(b) A licensed vendor shall keep books and records for the furnishing of equipment, devices, supplies, and services to the lottery separate from books and records of any other business operated by the licensed vendor.

1 (c) A licensed vendor shall file a quarterly return with the
2 commission and the manager listing all sales and leases.

3 Sec. 9. A licensed vendor's equipment, devices, or supplies that
4 are used by a person in an unauthorized gambling or lottery
5 operation shall be forfeited to the state.

6 Sec. 10. (a) Unless a person's vendor's license is suspended,
7 expires, or is revoked, the vendor's license may be renewed
8 annually upon:

9 (1) the payment of an annual renewal fee set by the
10 commission; and

11 (2) a determination by the commission that the licensed
12 vendor is in compliance with this article.

13 (b) The holder of a vendor's license shall undergo a complete
14 investigation every three (3) years to determine that the licensed
15 vendor is in compliance with this article.

16 (c) Notwithstanding subsection (b), the commission may
17 investigate the holder of a vendor's license at any time the
18 commission determines it is necessary to ensure that the licensed
19 vendor is in compliance with this article.

20 (d) The holder of a vendor's license shall bear the cost of an
21 investigation or reinvestigation of the licensed vendor and any
22 investigation resulting from a potential transfer of ownership.

23 Sec. 11. If a licensed vendor or an employee of a licensed vendor
24 violates this article or engages in a fraudulent act, the commission
25 may do any combination of the following:

26 (1) Suspend, revoke, or restrict the person's vendor's license.

27 (2) Require the removal of any employee of a licensed vendor
28 who violates this article or engages in a fraudulent act.

29 (3) Impose a civil penalty of not more than twenty-five
30 thousand dollars (\$25,000) against a person who has been
31 issued a vendor's license for each violation of this article.

32 Sec. 12. The commission shall adopt rules to implement this
33 chapter.

34 SECTION 32. IC 4-30-9-1 IS AMENDED TO READ AS
35 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The
36 commission shall adopt rules under IC 4-22-2 specifying the terms and
37 conditions for contracting with retailers who will best serve the public
38 interest and promote the sale of lottery tickets.

39 (b) If a management agreement is in effect, the gaming
40 commission shall adopt rules governing retailer operations and
41 retailer claims and appeals. IC 5-22 does not apply to the selection
42 of retailers if a management agreement is in effect.

SECTION 33. IC 4-30-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) In the selection of retailers, the commission **or a manager** shall consider factors such as the following:

- (1) Financial responsibility.
- (2) Integrity.
- (3) Reputation.
- (4) Accessibility of the place of business or activity to the public.
- (5) Security of the premises.
- (6) The sufficiency of existing retailers to serve the public.
- (7) Convenience.
- (8) The projected volume of sales for the lottery game involved.

(b) In consideration of the factors in subsection (a), the commission, **or a manager if a management agreement is in effect**, may require the information it considers necessary of any person proposing to enter into a retailer's contract. However, the commission may not:

- (1) establish a limitation on the number of retailers; **and or**
- (2) **permit a manager to establish a limitation on the number of retailers.**

The commission or manager shall make every effort to include small business participation as retailers. Retailer selections shall be based on business considerations and public convenience. Retailers shall be selected without regard to political affiliation.

SECTION 34. IC 4-30-9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The commission may not contract with a person as a retailer that:

- (1) is less than eighteen (18) years of age;
- (2) is engaged exclusively in the business of selling lottery tickets, although this **subsection** does not preclude the commission **or a manager** from selling lottery tickets;
- (3) is on the most recent tax warrant list provided to the commission **or a manager** by the department of state revenue;
- (4) has been convicted of, or entered a plea of guilty or nolo contendere to, a felony committed in the preceding ten (10) years, regardless of adjudication, unless the commission determines that:
 - (A) the person has been pardoned or the person's civil rights have been restored;
 - (B) subsequent to the conviction or entry of the plea the person has engaged in the kind of law abiding commerce and good citizenship that would reflect well upon the integrity of the lottery; or

(C) if the person is a firm, an association, a partnership, a trust, a corporation, a limited liability company, or other entity, the person has terminated its relationship with the individual whose actions directly contributed to the person's conviction or entry of the plea; or

(5) is:

(A) a department, an agency, a commission, a division, an authority, a board, a bureau, a hospital, or an office of the state, including a state institution of postsecondary education;

(B) an entity that performs an essential governmental function;

(C) part of the judicial department of government;

(D) part of the legislative department of government; or

(E) a political subdivision of the state, including an agency, an authority, a board, a bureau, a commission, a committee, a council, a department, a division, an institution, an office, an officer, or other similar body of a political subdivision.

(b) The commission may not authorize a manager to enter into a retailer's contract with a person described in subsection (a).

SECTION 35. IC 4-30-9-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. **(a)** The commission shall issue a certificate of authority to each ~~person with whom it contracts~~ as a retailer for purposes of display under section 6 of this chapter. The issuance of a certificate does not confer upon the retailer any right apart from that specifically granted in the contract. The authority to act as a retailer is not assignable or transferable.

(b) The commission may authorize a manager to issue a certificate described in subsection (a) if a management agreement is in effect.

SECTION 36. IC 4-30-9-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. A contract executed by the commission **or a manager** under this chapter must specify the reasons for a suspension or termination of the contract, ~~by the commission~~, including the following:

(1) Commission of a violation **of this article** or **of a rule** adopted under this article.

(2) Failure to accurately account for lottery tickets, revenues, or prizes as required by the ~~commission~~ **contract**.

(3) Commission of a fraud, deceit, or misrepresentation.

(4) Insufficient sale of tickets.

(5) Conduct prejudicial to public confidence in the lottery.

(6) A material change in a matter considered by the commission **or a manager** executing the contract with the retailer.

1 SECTION 37. IC 4-30-9-6 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. Each retailer
 3 shall post and keep conspicuously displayed in a location on the
 4 premises accessible to the public the following:

5 (1) Its certificate of authority.

6 (2) With respect to each game, a statement supplied by the
 7 commission **or a manager** of the estimated odds of winning a
 8 prize for the game.

9 SECTION 38. IC 4-30-9-7 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. Before the
 11 commission **or a manager** may enter into a contract with a retailer, the
 12 retailer must provide a tax clearance statement from the department of
 13 state revenue that certifies that the retailer does not owe delinquent
 14 state taxes.

15 SECTION 39. IC 4-30-9-8 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. A contract with
 17 a retailer may not authorize the sale of lottery tickets at more than one
 18 (1) location. The commission, **or the manager if a management**
 19 **agreement is in effect**, may enter into more than one (1) contract with
 20 a retailer that has more than one (1) business location. A retailer must
 21 have a separate certificate of authority to sell lottery tickets for each
 22 business location approved by the commission **or the manager**. A
 23 retailer may sell lottery tickets only at the location stated on the
 24 certificate of authority.

25 SECTION 40. IC 4-30-9-9 IS AMENDED TO READ AS
 26 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. With respect to
 27 a retailer whose rental payments for premises are contractually
 28 computed in whole or in part on the basis of a percentage of retail sales,
 29 and where the computation of retail sales is not explicitly defined to
 30 include the sale of tickets in a lottery, for purposes of such a
 31 computation the amount of retail sales for lottery tickets by the retailer
 32 may not exceed the amount of the compensation received by the
 33 retailer from the commission **or a manager**.

34 SECTION 41. IC 4-30-9-14 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. A payment by
 36 a retailer to the commission **or a manager** for tickets may not be in
 37 cash. All payments must be in the form of a check, bank draft,
 38 electronic funds transfer, or other financial instrument ~~authorized by~~
 39 ~~the director~~ **specified by the commission or the manager if a**
 40 **management agreement is in effect**.

41 SECTION 42. IC 4-30-10-1 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. All money

received by each retailer from the operation of the lottery, including all ticket sales, interest, gifts, and donations, less the amount retained as compensation for the sale of tickets and the amount paid out as prizes:

(1) shall be remitted to the commission or deposited in a public depository, at the times and as directed by the commission; **or**

(2) if a management agreement is in effect, shall be remitted to the manager or deposited in a public depository in Indiana, at the times and as directed by the manager.

The commission **or the manager, as the case may be**, is responsible for all administrative functions related to the receipt of funds ~~The commission and~~ may require each retailer to ~~file with the commission~~ **submit** reports of the retailer's receipts and transactions in the sale of lottery tickets in the form and containing the information ~~the commission requires~~ **required by the retailer's contract and by any rules adopted under this article**. The commission **or the manager** may require any person, including a qualified public depository, to perform any function, activity, or services in connection with the operation that the commission **or manager** determines to be advisable under this article. These functions, activities, or services constitute lawful functions, activities, and services of the person.

SECTION 43. IC 4-30-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. The commission **or a manager authorized by the commission** may require retailers to establish separate electronic funds transfer accounts for the purpose of receiving money from ticket sales, making payments to the commission **or manager**, and receiving payments from the commission **or manager, as the case may be**.

SECTION 44. IC 4-30-10-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** Each retailer is liable to:

(1) the commission; or

(2) a manager, if a management agreement is in effect;

for any and all tickets accepted or generated by an employee or representative of that retailer. These tickets are considered to have been purchased by the retailer, unless returned to the commission **or manager** within the time and in the manner prescribed by the ~~commission~~ **retailer's contract or by a rule adopted under this article**.

(b) All money received by retailers from the sale of lottery tickets, less the amount retained as compensation for the sale of the tickets and the amount paid out as prizes by the retailer, shall be held in trust until its:

- (1) delivery to the commission **or a manager**; or
- (2) electronic transfer to the administrative trust fund.

SECTION 45. IC 4-30-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **Notwithstanding IC 26-1-9.1-406**, the right of any person to a prize is not assignable. A prize may be paid to the estate of a deceased prize winner or to a person designated under an appropriate judicial order.

SECTION 46. IC 4-30-11-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. A prize may not be paid to a person who is less than eighteen (18) years of age unless the winning ticket was lawfully purchased and made a gift to the minor. In that case the commission shall:

- (1) direct the payment to an adult member of the minor's family or the legal guardian of the minor as custodian for the minor; **or**
- (2) **require a manager to direct the payment to an adult member of the minor's family or the legal guardian of the minor as custodian for the minor.**

The person named as guardian has the same powers and duties as prescribed for a guardian under Indiana guardianship law.

SECTION 47. IC 4-30-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. A prize may not be paid if it arises from tickets that are determined to be:

- (1) stolen, counterfeit, altered, fraudulent, unissued, produced or issued in error, or unreadable;
 - (2) not received or not recorded by:
 - (A) the commission's applicable deadlines; **or**
 - (B) **the manager's applicable deadlines, if a management agreement is in effect;**
 - (3) lacking in captions that confirm and agree with the lottery play symbols that are appropriate to the lottery game involved; or
 - (4) not in compliance with any additional specific rules and public or confidential validation and security tests of:
 - (A) the commission; **or**
 - (B) **the manager, if a management agreement is in effect;**
- applicable to the particular lottery game involved.

SECTION 48. IC 4-30-11-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. For the convenience of the public, retailers may be authorized to pay winners an amount not to exceed five hundred ninety-nine dollars (\$599) after performing validation procedures on their premises that are required by:

- (1) the commission; **or**

1 **(2) the manager, if a management agreement is in effect;**
 2 for the lottery game involved.

3 SECTION 49. IC 4-30-11-7 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. Holders of
 5 lottery tickets are entitled to claim prizes for one hundred eighty (180)
 6 days after the drawing or at the end of the lottery game play in which
 7 the prize was won. ~~However, with respect to a game in which the~~
 8 ~~player may determine instantly if the player has won or lost, the right~~
 9 ~~to claim prizes exists for sixty (60) days after the end of the lottery~~
 10 ~~game. If a valid claim is not made for a prize within the applicable~~
 11 ~~period, the prize is considered an unclaimed prize for purposes of~~
 12 ~~section 9 of this chapter.~~

13 SECTION 50. IC 4-30-11-8 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. A prize may not
 15 be paid on a ticket that is purchased or sold in violation of this article
 16 or to a person who is prohibited from purchasing a lottery ticket under
 17 this article. ~~Such a prize is considered an unclaimed prize for purposes~~
 18 ~~of section 9 of this chapter.~~

19 SECTION 51. IC 4-30-11-10 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. **(a) The state**
 21 **lottery commission is and its members and employees are**
 22 discharged of all liability upon payment of a prize.

23 **(b) If a management agreement is in effect:**

24 **(1) the gaming commission and its members and employees;**
 25 **and**

26 **(2) the manager and its directors, officers, employees, agents,**
 27 **and equity holders;**

28 are discharged of all liability upon payment of a prize.

29 **(c) If an annuity is purchased by a manager to cover the**
 30 **payment of a prize and is assigned to a prize winner, the following**
 31 **are relieved of any liability to the prize winner:**

32 **(1) The state.**

33 **(2) The gaming commission and its members and employees.**

34 **(3) The manager and its directors, officers, employees, agents,**
 35 **and equity holders.**

36 SECTION 52. IC 4-30-11-11 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) The
 38 treasurer of state, the department of state revenue, the department of
 39 administration, the Indiana department of transportation, the attorney
 40 general, and the courts shall identify to the commission, **or to the**
 41 **manager, if a management agreement is in effect,** in the form and
 42 format prescribed by the commission and approved by the auditor of

1 state, a person who:

- 2 (1) owes an outstanding debt ~~to~~ to a state agency;
- 3 (2) owes delinquent state taxes; or
- 4 (3) owes child support collected and paid to a recipient through
- 5 a court.

6 (b) Before the payment of a prize of more than five hundred

7 ninety-nine dollars (\$599) to a claimant identified under subsection (a),

8 the commission **or the manager, if a management agreement is in**

9 **effect**, shall transmit the prize money to the auditor of state who shall

10 authorize payment of the balance to the prize winner after deduction of

11 the obligation. If a prize winner owes multiple obligations subject to

12 offset under this section and the prize is insufficient to cover all

13 obligations, the amount of the prize shall be applied as follows:

- 14 (1) First, to the child support obligations owed by the prize winner
- 15 that are collected and paid to a recipient through a court.
- 16 (2) Second, to judgments owed by the prize winner.
- 17 (3) Third, to tax liens owed by the prize winner.
- 18 (4) Fourth, to unsecured debts owed by the prize winner.

19 Within each of the categories described in subdivisions (1) through (4),

20 the amount and priority of the prize shall be applied in the manner that

21 the auditor of state determines to be appropriate. The commission shall

22 reimburse the auditor of state pursuant to an agreement under

23 IC 4-30-15-5 for the expenses incurred by the auditor of state in

24 carrying out the duties required by this section. **If a management**

25 **agreement is in effect, the manager shall reimburse the auditor of**

26 **state for actual expenses incurred by the auditor of state in**

27 **carrying out the duties required by this section.**

28 (c) As used in this section, "debt" means an obligation that is

29 ~~evidence~~ **evidenced** by an assessment or lien issued by a state agency,

30 a judgment, or a final order of an administrative agency.

31 SECTION 53. IC 4-30-12-2 IS AMENDED TO READ AS

32 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. **(a)** A member

33 or employee of the commission or a relative living in the same

34 household with a member or employee of the commission may not

35 purchase a lottery ticket.

36 **(b) A director, an officer, or an employee of a manager or a**

37 **relative living in the same household with a director, an officer, or**

38 **an employee of a manager may not purchase a lottery ticket.**

39 SECTION 54. IC 4-30-12-3 IS AMENDED TO READ AS

40 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. An officer or

41 employee of a vendor that:

- 42 (1) is providing major procurement goods or services to the

commission **or a manager**; or

(2) has executed a contract for a major procurement;
or a relative living in the same household with an officer or employee
of the vendor may not purchase a lottery ticket.

SECTION 55. IC 4-30-13-1 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. A person who
knowingly:

(1) sells a lottery ticket and is not authorized by the commission,
a manager, or this article to engage in such a sale;

(2) sells a lottery ticket to a minor; or

(3) sells a lottery ticket at a price other than that established by
the commission **or a manager**;

commits a Class A misdemeanor.

SECTION 56. IC 4-30-14-5 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. A person who
uses point-of-sale material issued by the commission **or a manager** or
otherwise represents that the person is a retailer without being under
contract with the commission **or a manager** to act as a retailer
commits a Class A misdemeanor.

SECTION 57. IC 4-30-15-1 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. There is created
an administrative trust fund to be administered by the **state lottery**
commission in accordance with this article **and any management**
agreement that is entered into under IC 4-30-21. All money received
by the **state lottery** commission shall be deposited into the fund. All
money in the fund is continually appropriated to the **state lottery**
commission for the purposes specified in this article.

SECTION 58. IC 4-30-16-1 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. **Subject to the**
terms of a management agreement, the money in the administrative
trust fund shall be used for the following:

(1) To pay prizes.

(2) To pay the expenses for the operation of the lottery, including
setting aside an amount determined by the commission to be
necessary for the cash flow needs of the commission. These
expenses include all costs incurred in the operation and
administration of the lottery and all costs resulting from any
contracts entered into for the purchase or lease of goods and
services required by the lottery, including the following:

(A) The compensation paid to retailers.

(B) The costs of supplies, materials, tickets, independent audit
services, independent studies, data transmission, advertising,

1 promotion, incentives, public relations, communications,
 2 security, bonding for retailers, printing, distribution of tickets,
 3 and reimbursing other governmental entities for services
 4 provided to the lottery.

5 (C) The costs of any other goods and services necessary for
 6 carrying out this article.

7 (3) To make transfers of the revenue remaining after making the
 8 payments necessary under subdivisions (1) and (2) (referred to as
 9 "surplus revenue" in this article) to the treasurer of state for
 10 deposit as provided in this chapter.

11 SECTION 59. IC 4-30-16-3, AS AMENDED BY P.L.2-2006,
 12 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 UPON PASSAGE]: Sec. 3. (a) **Subject to the terms of a management**
 14 **agreement**, the commission shall transfer the surplus revenue in the
 15 administrative trust fund as follows:

16 (1) Before the last business day of January, April, July, and
 17 October, the commission shall transfer to the treasurer of state, for
 18 deposit in the Indiana state teachers' retirement fund
 19 (IC 5-10.4-2), seven million five hundred thousand dollars
 20 (\$7,500,000). Notwithstanding any other law, including any
 21 appropriations law resulting from a budget bill (as defined in
 22 IC 4-12-1-2), the money transferred under this subdivision shall
 23 be set aside in the pension stabilization fund (IC 5-10.4-2-5) to be
 24 used as a credit against the unfunded accrued liability of the
 25 pre-1996 account (as defined in IC 5-10.4-1-12) of the Indiana
 26 state teachers' retirement fund. The money transferred is in
 27 addition to the appropriation needed to pay benefits for the state
 28 fiscal year.

29 (2) Before the last business day of January, April, July, and
 30 October, the commission shall transfer:

31 (A) two million five hundred thousand dollars (\$2,500,000) of
 32 the surplus revenue to the treasurer of state for deposit in the
 33 "k" portion of the pension relief fund (IC 5-10.3-11); and

34 (B) five million dollars (\$5,000,000) of the surplus revenue to
 35 the treasurer of state for deposit in the "m" portion of the
 36 pension relief fund (IC 5-10.3-11).

37 (3) The surplus revenue remaining in the fund on the last day of
 38 January, April, July, and October after the transfers under
 39 subdivisions (1) and (2) shall be transferred by the commission to
 40 the treasurer of state for deposit on that day in the build Indiana
 41 fund.

42 (b) **Subject to the terms of a management agreement**, the

commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1) and (a)(2). Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1) and (a)(2) shall be transferred to the build Indiana fund.

SECTION 60. IC 4-30-18-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. This article does not authorize any lottery except the lottery operated **under this article:**

(1) by the commission; ~~under this article; or~~

(2) on behalf of the commission by a manager under a management agreement.

SECTION 61. IC 4-30-18-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. **(a)** Local governmental authority concerning all matters relating to the operation of a lottery are preempted by the state, and a county, municipality, or other political subdivision of the state may not enact an ordinance relating to the operation of the lottery authorized by this article. However, this section does not prohibit a political subdivision of the state from requiring a retailer to obtain an occupational license for any business unrelated to the sale of lottery tickets.

(b) A county, municipality, or another political subdivision may not take any action that would have the effect of impairing a management agreement.

SECTION 62. IC 4-30-19-5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. **(a) If the commission enters into a management agreement under this article, the manager shall undergo an audit of the manager's annual financial statements under the terms of the management agreement.**

(b) To ensure the integrity of the lottery and compliance with this article and the management agreement, the commission may require, at any time, a special audit of a manager to be conducted by an independent certified public accountant licensed in Indiana. The scope, procedures, and reporting requirements of the audit must be set forth in the management agreement.

(c) An audit required by or under this section must be prepared at the expense of the manager.

SECTION 63. IC 4-30-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 20. Lottery Manager

Sec. 1. The legislative intent for this chapter is to provide a means for the formation of an entity to serve as a manager of the lottery under a management agreement authorized under this article.

Sec. 2. The purpose of an entity formed under this chapter is limited to:

(1) entering into and performing a management agreement under this article; and

(2) the activities incidental or related to the accomplishment of the purposes permitted under subdivision (1).

Sec. 3. (a) One (1) or more persons may form an entity to serve as a manager by filing articles of incorporation with the secretary of state under IC 23-1. An entity formed under this subsection has the powers and privileges of other corporations, except where inconsistent with the provisions and purposes of this article. IC 23-1 applies to an entity formed under this subsection to the extent the provisions do not conflict with this article.

(b) One (1) or more persons may form an entity to serve as a manager by filing articles of organization with the secretary of state under IC 23-18. An entity formed under this subsection has the powers and privileges of other limited liability companies and is subject to the duties, restrictions, and liabilities of other limited liability companies, except where inconsistent with the provisions and purposes of this article. IC 23-18 applies to an entity formed under this subsection to the extent the provisions do not conflict with this article.

SECTION 64. IC 4-30-21 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21. Lottery Management Agreement

Sec. 1. In construing this chapter, it is the intent of the general assembly that the manager be accountable to the general assembly and the people of Indiana through a system of audits and reports and by complying with the financial disclosure requirements of this chapter. The powers conferred by this chapter are in addition and supplemental to the powers conferred by any other law. If any other law or rule is inconsistent with this chapter, this chapter is controlling as to any management agreement entered into under this chapter.

Sec. 2. (a) This chapter contains full and complete authority for a management agreement between the commission and an entity

1 formed under IC 4-30-20. IC 5-22, IC 4-30-8, and any rules
 2 adopted under either of those provisions do not apply to a
 3 management agreement under this article, and except as provided
 4 in this chapter, no law, procedure, proceeding, publication, notice,
 5 consent, approval, order, or act by the commission, the Indiana
 6 finance authority, or any other officer, department, agency, or
 7 instrumentality of the state or any political subdivision is required
 8 for the commission to enter into a management agreement under
 9 this article.

10 (b) This chapter contains full and complete authority for the
 11 state lottery commission or a successor agency to approve any
 12 subcontracts entered into by a manager under the terms of a
 13 management agreement.

14 Sec. 3. As used in this chapter, "authority" means the Indiana
 15 finance authority established under IC 4-4-11.

16 Sec. 4. As used in this chapter, "commission" means the state
 17 lottery commission.

18 Sec. 5. As used in this chapter, "control" means the power to
 19 exercise authority over or to direct the management and policies
 20 of an individual, a business, or any other entity.

21 Sec. 6. As used in this chapter, "financial statement" means any
 22 of the following:

- 23 (1) Balance sheet.
- 24 (2) Income statement.
- 25 (3) Profit and loss statement.
- 26 (4) Statement of cash flow.
- 27 (5) Sources and uses of funds statements.
- 28 (6) Notes to financial statements.

29 Sec. 7. As used in this chapter, "offeror" means a person that
 30 responds to a request for qualifications under this chapter.

31 Sec. 8. As used in this chapter, "request for qualifications"
 32 means all materials and documents prepared by the commission or
 33 the authority on behalf of the commission to solicit the following
 34 from offerors:

- 35 (1) statements of qualifications; and
- 36 (2) proposals to enter into a management agreement.

37 Sec. 9. As used in this chapter, "selected offer" means the final
 38 offer of an offeror that is the preliminary selection of the authority
 39 to be the manager for the lottery under section 19 of this chapter.

40 Sec. 10. Subject to the other provisions of this chapter, the
 41 commission may enter into a management agreement with a
 42 manager for an initial term not to exceed thirty (30) years.

1 **Sec. 11. The commission may not enter into a management**
 2 **agreement that authorizes a manager to operate any of the**
 3 **following games or a game simulating any of the following games:**

4 **(1) Keno.**

5 **(2) Video lottery games.**

6 **(3) Pari-mutuel wagering on horse or dog racing.**

7 **(4) A game in which winners are selected on the results of a**
 8 **race or sporting event.**

9 **(5) Any other game commonly considered to be a form of**
 10 **gambling that is not:**

11 **(A) a game; or**

12 **(B) a variation of a game;**

13 **that the commission has the authority to approve under this**
 14 **article.**

15 **Sec. 12. (a) The management agreement must establish a**
 16 **benchmark amount of at least one billion dollars (\$1,000,000,000).**
 17 **The management agreement must require the manager to make an**
 18 **initial payment to the authority on the effective date of the**
 19 **management agreement in an amount that exceeds the benchmark**
 20 **amount established in the management agreement.**

21 **(b) The initial payment required under subsection (a) shall be**
 22 **deposited in the management agreement fund established by**
 23 **IC 4-30-22.**

24 **(c) If the manager fails to make a payment under this section by**
 25 **the due date of the payment, the management agreement is**
 26 **terminated.**

27 **Sec. 13. (a) The management agreement must require the**
 28 **manager to pay a royalty in the amount of fifty million dollars**
 29 **(\$50,000,000) to the authority four (4) times each year beginning**
 30 **on a date that is specified in the management agreement and that**
 31 **occurs during the first year after the execution of the management**
 32 **agreement. The payments received under this subsection shall be**
 33 **deposited in the administrative trust fund established by**
 34 **IC 4-30-15-1.**

35 **(b) The management agreement may require the manager to**
 36 **pay an additional royalty payment each year to the commission**
 37 **beginning on a date specified in the management agreement if the**
 38 **manager's gross revenues from the sale of lottery tickets in a year**
 39 **exceed the commission's gross revenues from the sale of lottery**
 40 **tickets in the twelve (12) months preceding the date of execution of**
 41 **the management agreement. The payments received under this**
 42 **subsection shall be deposited in the pension relief fund established**

1 by IC 5-10.3-11-1.

2 (c) If the manager fails to make a payment under this section by
3 the due date of the payment, the management agreement is
4 terminated.

5 **Sec. 14. A management agreement must address the following:**

6 (1) The original term of the management agreement.

7 (2) A requirement that the manager be formed under
8 IC 4-30-20.

9 (3) A requirement that the manager locate its principal office
10 within Indiana.

11 (4) The transition of rights and obligations from the
12 commission to the manager with respect to the operation of
13 the lottery, including:

14 (A) the right to use, or ownership of, equipment and other
15 assets used in the operation of the lottery; and

16 (B) the rights and obligations under contracts with
17 retailers and vendors.

18 (5) The implementation of a comprehensive security program
19 by the manager.

20 (6) The implementation of a comprehensive system of internal
21 audits.

22 (7) The implementation of a program by the manager to curb
23 compulsive gambling by persons playing the lottery.

24 (8) A system for determining the following:

25 (A) The type of lottery games to be conducted.

26 (B) The method of selecting winning tickets.

27 (C) The manner of payment of prizes to holders of winning
28 tickets.

29 (D) The frequency of drawings of winning tickets.

30 (E) The method to be used in selling tickets.

31 (9) A system for verifying the validity of tickets claimed to be
32 winning tickets.

33 (10) The basis upon which retailer fees are established by the
34 manager. Retailer fees may not be less than five percent (5%).

35 (11) Minimum payouts.

36 (12) A requirement that advertising and promotion be
37 consistent with the dignity and integrity of the state.

38 (13) The establishment of a code of ethics for officers and
39 employees of the manager.

40 (14) Monitoring of the manager's practices by the commission
41 and the taking of actions by the commission that it considers
42 appropriate to ensure that the manager is in compliance with

- 1 the terms of the management agreement.
- 2 (15) The requirement that the manager periodically file
- 3 appropriate financial statements in a form and manner
- 4 acceptable to the commission.
- 5 (16) Cash reserve requirements.
- 6 (17) Procedural requirements for obtaining approval by the
- 7 commission when a management agreement, or an interest in
- 8 a management agreement, is sold, assigned, or otherwise
- 9 transferred, or pledged as collateral to secure financing. A
- 10 management agreement, or an interest in a management
- 11 agreement, may not be sold, assigned, or otherwise
- 12 transferred, or pledged as collateral to secure financing
- 13 without the approval of the commission.
- 14 (18) Grounds for termination of the management agreement
- 15 by the commission or a manager.
- 16 (19) Procedures for amendment of the management
- 17 agreement.
- 18 (20) A provision prohibiting the commission from entering
- 19 into another management agreement under this article as long
- 20 as the management agreement has not been terminated.
- 21 (21) The transition of rights and obligations, including any
- 22 associated equipment or other assets used in the operation of
- 23 the lottery, from the manager to any successor manager of the
- 24 lottery, including the commission, following the termination
- 25 of or foreclosure upon the management agreement.
- 26 (22) Ownership of all copyrights, trademarks, and service
- 27 marks by the commission in the name of the state.
- 28 Sec. 15. (a) A manager shall undergo a complete investigation
- 29 every three (3) years by the commission to determine that the
- 30 manager remains in compliance with this article and the
- 31 management agreement.
- 32 (b) The manager shall bear the cost of an investigation or
- 33 reinvestigation of the manager.
- 34 Sec. 16. (a) Before the commission enters into a management
- 35 agreement under this chapter, a request for qualifications must be
- 36 issued as set forth in this chapter. A request for qualifications for
- 37 a management agreement may be issued in one (1) or more phases.
- 38 (b) A request for qualifications must include the following:
- 39 (1) The factors or criteria that will be used in evaluating an
- 40 offeror's statement of qualifications and proposal.
- 41 (2) A statement that a proposal must be accompanied by
- 42 evidence of the offeror's financial responsibility.

1 (3) A statement concerning whether discussions may be
2 conducted with the offerors for the purpose of clarification to
3 ensure full understanding of and responsiveness to the
4 solicitation requirements.

5 (4) A statement concerning any other information to be
6 considered in evaluating the offeror's qualifications and
7 proposal.

8 (c) Notice of a request for qualifications shall be published two
9 (2) times in accordance with IC 5-3-1 at least one (1) week apart,
10 with the second publication made at least seven (7) days before any
11 initial submission is due.

12 (d) As provided in a request for qualifications, discussions may
13 be conducted with the offerors for the purpose of clarification to
14 ensure full understanding of and responsiveness to the solicitation
15 requirements.

16 Sec. 17. (a) The authority may not disclose the contents of
17 proposals during discussions or negotiations with eligible offerors.

18 (b) The authority may, in its discretion in accordance with
19 IC 5-14-3, treat as confidential all records relating to discussions
20 or negotiations between the authority and eligible offerors if those
21 records are created while discussions or negotiations are in
22 progress.

23 (c) Notwithstanding subsections (a) and (b), and with the
24 exception of parts that are confidential under IC 5-14-3, the terms
25 of the selected offer negotiated under this article shall be available
26 for inspection and copying under IC 5-14-3 after negotiations with
27 the offerors have been completed.

28 (d) When disclosing the terms of the selected offer under
29 subsection (c), the authority shall certify that the information being
30 disclosed accurately and completely represents the terms of the
31 selected offer.

32 (e) The authority shall disclose the contents of all proposals,
33 except the parts of any proposal that may be treated as confidential
34 in accordance with IC 5-14-3, when either:

35 (1) the request for qualifications process is terminated under
36 section 19 of this chapter; or

37 (2) the management agreement has been executed and the
38 closing for each financing transaction required to provide
39 funding to carry out the management agreement has been
40 conducted.

41 Sec. 18. (a) The authority may negotiate with one (1) or more
42 offerors who the authority determines are responsible and

1 reasonably capable of managing the lottery and may seek to obtain
2 a final offer from one (1) or more of those offerors.

3 (b) The authority shall consider the statement of qualifications
4 and the proposals to enter into a management agreement that are
5 submitted in response to a request for qualifications in making a
6 determination under this section, including the following:

7 (1) The offeror's expertise, qualifications, competence, skills,
8 and plan to perform its obligations under the management
9 agreement in accordance with the management agreement.

10 (2) The financial strength of the offeror, including its
11 capitalization and available financial resources.

12 (3) The experience of the offeror in operating government
13 authorized lotteries and gaming and other similar projects
14 and the quality of the offeror's past or present performance
15 on other similar or equivalent engagements.

16 (4) The integrity, background, and reputation of the offeror.

17 (c) The requirements set forth in subsection (b) also apply to the
18 approval of any successor manager.

19 Sec. 19. (a) After the final offers from offerors have been
20 negotiated under section 18 of this chapter, the authority shall, on
21 behalf of the commission:

22 (1) make a preliminary selection of an offeror as a manager
23 for the lottery; or

24 (2) terminate the request for qualifications process.

25 (b) If the authority makes a preliminary selection of a manager
26 under this section, the commission shall schedule a public hearing
27 on the preliminary selection and publish notice of the hearing one
28 (1) time in accordance with IC 5-3-1 at least seven (7) days before
29 the hearing. The notice must include the following:

30 (1) The date, time, and place of the hearing.

31 (2) The subject matter of the hearing.

32 (3) A brief description of the management agreement to be
33 awarded.

34 (4) The identity of the offeror that has been preliminarily
35 selected as a manager.

36 (5) The address and telephone number of the commission.

37 (6) A statement indicating that, subject to section 17 of this
38 chapter, and except for those parts that are confidential under
39 IC 5-14-3, the selected offer and an explanation of the basis
40 upon which the preliminary selection was made are available
41 for public inspection and copying at the principal office of the
42 commission during regular business hours.

(c) Subject to section 17 of this chapter, and except for those parts that are confidential under IC 5-14-3, the selected offer and a written explanation of the basis upon which the preliminary selection was made shall be made available for inspection and copying in accordance with IC 5-14-3 at least seven (7) days before the hearing scheduled under this section.

(d) At the hearing, the commission shall allow the public to be heard on the preliminary selection.

Sec. 20. (a) After the hearing required under section 19 of this chapter, the commission shall determine if a management agreement should be entered with the offeror that submitted the selected offer. If the commission makes a favorable determination, the commission shall submit the determination to the governor and the budget committee.

(b) After review of the commission's determination by the budget committee, the governor may accept or reject the determination of the commission. If the governor accepts the commission's determination, the governor shall designate the offeror who submitted the selected offer as a manager for the lottery. The commission shall publish notice of the designation of a manager for the lottery one (1) time in accordance with IC 5-3-1.

(c) After the governor designates a manager, the commission may execute a management agreement with the designated manager.

(d) If the commission enters into a management agreement under this article, the commission must execute the initial management agreement before January 1, 2009.

Sec. 21. A manager may finance its obligations with respect to the lottery and the management agreement in the amounts and upon the terms and conditions determined by the manager. However, any bonds, debt, other securities, or other financing issued for the purposes of this section shall not be considered to constitute a debt of the state or any political subdivision of the state or a pledge of the faith and credit of the state or any political subdivision of the state.

Sec. 22. An action to contest the validity of a management agreement entered into under this chapter:

(1) may not be brought after the fifteenth day following the publication of the notice of the designation of a manager under the management agreement as provided in section 20 of this chapter; and

(2) is governed by IC 34-13-5.

1 **Sec. 23. (a) The commission and the authority may exercise any**
2 **powers provided under this chapter in participation or cooperation**
3 **with each other or any other governmental entity and enter into**
4 **any contracts to facilitate that participation or cooperation without**
5 **compliance with any other statute.**

6 **(b) The commission and the authority may make and enter into**
7 **all contracts and agreements necessary or incidental to the**
8 **performance of the commission's or the authority's duties under**
9 **this chapter and the execution of the commission's or the**
10 **authority's powers under this article. These contracts or**
11 **agreements are not subject to any approvals by any other**
12 **governmental entity and may be for any term of years and contain**
13 **any terms that are considered reasonable by the commission or the**
14 **authority.**

15 **(c) The commission and the authority may make and enter into**
16 **all contracts and agreements with a state agency necessary or**
17 **incidental to the performance of the duties and the execution of the**
18 **powers granted to the commission, the authority, or the state**
19 **agency in accordance with this chapter or the management**
20 **agreement. These contracts or agreements are not subject to any**
21 **approvals by any other governmental entity, and may be for any**
22 **term of years and contain any terms that are considered**
23 **reasonable by the commission, the authority, or the state agency.**

24 **(d) The commission may pay any amounts owed by the**
25 **commission under a management agreement from any funds**
26 **available to the commission under this chapter or any other**
27 **statute.**

28 **(e) The commission may borrow money from the authority to**
29 **pay any amounts owed by the commission or to reimburse funds**
30 **made available under this section. The loan agreement or financing**
31 **agreement must plainly state that it is not an indebtedness of the**
32 **state but constitutes a corporate obligation solely of the**
33 **commission and is payable solely from revenues of the commission,**
34 **including money in the administrative trust fund established by**
35 **IC 4-30-15-1, and the proceeds of future loan agreements or other**
36 **financing agreements.**

37 **Sec. 23.5. (a) The commission may not sell the authorization to**
38 **operate the lottery.**

39 **(b) Any tangible personal property used exclusively in**
40 **connection with the lottery:**

41 **(1) that is owned by the commission and leased to the**
42 **manager shall be owned by the commission in the name of the**

1 state; and

2 (2) shall be considered to be public property devoted to an
3 essential public and governmental function.

4 (c) Any bonds, debt, other securities, or other financing issued
5 by the manager to finance its obligations with respect to the
6 management agreement shall not be considered to constitute a debt
7 of the state or any political subdivision of the state or a pledge of
8 the faith and credit of the state or any political subdivision.

9 Sec. 24. (a) The authority may exercise any of its powers under
10 IC 4-4-11 or any other law as necessary or desirable for the
11 execution of the authority's powers under this chapter.
12 Notwithstanding any provisions in IC 4-4-10.9 or IC 4-4-11, the
13 authority may issue bonds under IC 4-4-11 or any other statute to
14 make a loan to the commission for:

15 (1) any amounts owed by the commission; or

16 (2) funds made available by the commission;

17 under this chapter.

18 (b) Subject to review by the budget committee and approval by
19 the budget director, a management agreement, a loan agreement,
20 or any other financing agreement entered into under this chapter
21 may establish a procedure for the commission, the authority, or a
22 person acting on behalf of the commission or the authority to
23 certify to the general assembly the amount needed to pay any
24 amounts owed by the commission or the authority under the
25 management agreement, the loan agreement, or any other
26 financing agreement under this chapter.

27 Sec. 25. Neither this article nor any management agreement
28 entered into under this article prohibits the general assembly from
29 authorizing forms of gambling that are not in direct competition
30 with the lottery.

31 Sec. 26. (a) The general assembly finds that it is in the interest
32 of the state of Indiana and the bodies corporate and politic
33 established by state law that the general assembly provide means
34 from time to time to fund and finance payment and reimbursement
35 obligations under contracts and other agreements, including a
36 management agreement, loan agreements, and other financing
37 agreements under this chapter.

38 (b) In addition to its other purposes, the authority shall exist
39 and operate for the purpose of providing means to finance payment
40 and reimbursement obligations under management agreements,
41 loan agreements, and other financing agreements under this
42 chapter.

SECTION 65. IC 4-30-22 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
UPON PASSAGE]:

Chapter 22. Lottery Management Agreement Fund

Sec. 1. As used in this chapter, "account" refers to an account established within the fund.

Sec. 1.5. As used in this chapter, "authority" means the Indiana finance authority established under IC 4-4-11.

Sec. 2. As used in this chapter, "fund" refers to the management agreement fund established by section 3 of this chapter.

Sec. 3. (a) The management agreement fund is established to:

(1) make distributions required under section 5 of this chapter;

(2) pay any amounts owed by the authority in connection with the execution of a management agreement under IC 4-30-21; and

(3) reimburse the authority for any expenses incurred by the authority in connection with the execution of a management agreement under IC 4-30-21.

(b) The authority shall hold, administer, and manage the fund.

(c) The fund consists of the following:

(1) The initial payment received from a manager under IC 4-30-21-12.

(2) Appropriations, if any, made by the general assembly.

(3) Grants and gifts intended for deposit in the fund.

(4) Interest, premiums, gains, or other earnings on the fund.

(d) The authority shall establish the following separate accounts within the fund:

(1) The lottery payment account.

(2) The administration account.

(e) Money in the fund shall be deposited, paid, and secured in the manner required under IC 4-4-11-32.

(f) The fund is not part of the state treasury and is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

(g) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 4. (a) Before any allocations are made from the fund under this chapter, the authority shall determine the total amount necessary to pay the amounts owed by the authority related to the

1 execution of a management agreement under IC 4-30-21.

2 (b) Before making the allocations required by section 5 of this
3 chapter, the authority shall allocate the amount determined under
4 subsection (a) to the administration account. Money in the
5 administration account may be used only for the purpose described
6 in section 3(a)(2) or 3(a)(3) of this chapter.

7 Sec. 5. After making the allocation required under section 4 of
8 this chapter, the remaining money in the fund shall be allocated to
9 the lottery payment account. Within thirty (30) days after a
10 management agreement has been executed under IC 4-30-21 and
11 the closing for each financing transaction required to provide
12 funding to carry out the agreement has been conducted, the
13 authority shall transfer the following from the lottery payment
14 account:

15 (1) To the Hoosier hope scholarship fund established under
16 IC 21-48-8-1, the lesser of four hundred million dollars
17 (\$400,000,000) or an amount equal to forty percent (40%) of
18 the money in the lottery payment account.

19 (2) To the Indiana life sciences fund established by
20 IC 5-28-28-6, the lesser of six hundred million dollars
21 (\$600,000,000) or an amount equal to sixty percent (60%) of
22 the money in the lottery payment account.

23 (3) To the pension relief fund established by IC 5-10.3-11-1,
24 the remainder, if any, of the money in the lottery payment
25 account after making the transfers required by subdivisions
26 (1) and (2). However, if the remainder of the money in the
27 lottery payment account after making the transfers required
28 by subdivisions (1) and (2) exceeds three hundred million
29 dollars (\$300,000,000), the excess above three hundred million
30 dollars (\$300,000,000) shall be transferred to the state general
31 fund.

32 SECTION 66. IC 5-10.3-11-1 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. There is created
34 within the public employees' retirement fund a separate account known
35 as the pension relief fund. This fund is administered by the board of
36 trustees of the public employees' retirement fund, referred to as the
37 "state board" in this chapter. The pension relief fund consists of
38 revenues received under **IC 4-30-16-3**, IC 6-7-1-28.1(4), IC 7.1-4-12-1,
39 any appropriations to the fund, and earnings on these revenues.

40 SECTION 67. IC 5-28-28 IS ADDED TO THE INDIANA CODE
41 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
42 UPON PASSAGE]:

Chapter 28. Indiana Life Sciences Fund

Sec. 1. As used in this chapter, "applicant" means a postsecondary research institution that submits an application for a grant from the fund.

Sec. 2. As used in this chapter, "fund" refers to the Indiana life sciences fund established by section 6 of this chapter.

Sec. 3. As used in this chapter, "life sciences" refers to research in biotechnology, biomedicine, medical device technology, pharmaceuticals, biomedical engineering, bioenergetics, health care engineering, nanotechnology within the life sciences field, agri-sciences, and other related health disciplines and disciplines considered life sciences.

Sec. 4. As used in this chapter, "postsecondary research institution" means a public or private college or university in Indiana that offers life sciences graduate programs or life sciences research programs.

Sec. 5. As used in this chapter, "world class scientist" means a principal investigator or researcher who:

- (1) holds an academic appointment;**
- (2) has a significant research portfolio and a record of attracting external research support; and**
- (3) meets any other criteria established by the board.**

Sec. 6. (a) The Indiana life sciences fund is established within the state treasury to provide grants to postsecondary research institutions to support the recruitment and retention of world class scientists in Indiana for the following purposes:

- (1) To strengthen Indiana's economy by focusing investment in life sciences economic clusters that foster high skill, high wage jobs.**
- (2) To target state investment in university based research and development through various means, including:**
 - (A) matching funds for federal or private research grants or gifts;**
 - (B) support for endowed research faculty chairs at postsecondary research institutions; and**
 - (C) investment in research facilities, laboratories, and specialized equipment that is conducive to the conducting of the highest quality of scholarship and research in life sciences.**
- (3) To stimulate the transfer of research and technology into marketable products.**
- (4) To enter into a collaborative arrangement with the private**

sector or another public or private educational institution.

(5) To encourage an environment of innovation and cooperation among Indiana public or private educational institutions, state agencies, and private businesses to promote life sciences research and development activity.

(b) The fund consists of the following:

(1) Transfers from the lottery management agreement fund under IC 4-30-22-5(2).

(2) Appropriations from the general assembly.

(3) Grants and gifts intended for deposit in the fund.

(4) Interest or other earnings on the fund.

(c) The corporation shall administer the fund. Subject to appropriation by the general assembly, money in the fund may be used to provide grants to postsecondary research institutions to support the recruitment, retention, and ongoing financial support of world class scientists.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

(f) Money remaining in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) All expenditures from the fund are subject to appropriation by the general assembly.

Sec. 7. (a) A postsecondary research institution may apply for one (1) or more grants from the fund.

(b) An application requesting a grant from the fund must be targeted to one (1) or more of the purposes listed in section 6 of this chapter.

(c) A successful applicant for a grant from the fund must meet the requirements of this section, be awarded a grant by the board, and be approved by the budget agency under section 8 of this chapter. An application for a grant from the fund must be made on an application form prescribed by the board. An applicant shall provide all information that the board finds necessary to make the determinations required by this chapter.

(d) All applications for a grant from the fund must include the following:

(1) A fully elaborated technical research plan that is

appropriate for review by outside experts as provided in this chapter.

(2) A detailed financial analysis that includes the commitment of resources by any other entities that will be involved in the research project.

(3) A statement of the scientific and commercial potential of the research project.

(4) A statement of the manner in which support from the fund will lead to significantly increased funding from federal or private sources or from private sector research partners.

(5) The profile and obligations of the world class scientist that the applicant is seeking to recruit or retain.

(6) Any other information that the board considers appropriate.

(e) An applicant for a grant from the fund may request that certain information that is submitted by the applicant be kept confidential. The board shall make a determination of confidentiality as soon as is practicable. If the board determines that the information should not be kept confidential, the applicant may withdraw the application, and the board must return the information before making it part of any public record.

Sec. 8. (a) The board has the following powers:

(1) To accept and analyze applications under this chapter.

(2) To award grants to applicants, subject to review by the budget committee and approval by the budget agency.

(3) Subject to appropriation by the general assembly, to contract with experts for advice and counsel.

(4) Subject to appropriation by the general assembly, to employ staff to assist in carrying out this chapter, including providing assistance to applicants who wish to apply for a grant from the fund, analyzing proposals, working with experts engaged by the board, and preparing reports and recommendations for the board.

(b) The board shall consider the following factors in making determinations concerning the award of a grant under this chapter:

(1) The scientific merit of the proposed research.

(2) The predicted future success of governmental or private funding for the proposed research.

(3) The ability of the world class scientist identified in the proposal to generate matching funds and funds for additional research.

(4) The extent to which the proposal evidences collaboration among two (2) or more postsecondary research institutions, as well as cost sharing and partnership support from the private sector.

(5) The extent to which the proposal will affect the state's ability to attract external financial support, create jobs, attract and retain businesses, or expand technology transfer opportunities in life sciences.

(6) The recommendations from the peer review panel that reviews the proposal. The peer review panel shall be chosen by and report to the board. In determining the composition and duties of a peer review panel, the board shall consider the National Institutes of Health and the National Science Foundation peer review processes as models. The members of the panel must have extensive experience in federal research funding. A panel member may not have a relationship with any private entity or academic institution in Indiana that would constitute a conflict of interest for the panel member. A grant from the fund may not be approved by the board unless the grant proposal has received a positive recommendation from a peer review panel described in this subdivision.

(c) The board shall make final funding determinations, subject to review by the budget committee and approval by the budget agency, for applications for grants from the fund in a timely manner that is responsive to recruiting world class scientists.

(d) As a condition of accepting a grant under this chapter, an applicant shall enter into a memorandum of understanding with the board and the budget agency regarding the expenditure of grant funds.

(e) The board shall annually report to the legislative council, in an electronic format under IC 5-14-6, information concerning the amounts, recipients, and subject matters of grants awarded by the board under this chapter.

SECTION 68. IC 6-3-2-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 21. (a) As used in this section, "scholarship" has the meaning set forth in IC 21-48-1-11.

(b) As used in this section, "recipient" has the meaning set forth in IC 21-48-1-10.

(c) The amount of a recipient's obligation to repay a Hoosier hope grant that is deferred or waived in a particular taxable year

under IC 21-48-7 is exempt from the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 as income of the recipient.

SECTION 69. IC 21-48 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

ARTICLE 48. HOOSIER HOPE SCHOLARSHIPS AND CRITICAL NEEDS SCHOLARSHIPS

Chapter 1. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Academic year" has the meaning set forth in IC 20-12-21-3(1).

Sec. 3. "Authority" means the Indiana finance authority established under IC 4-4-11.

Sec. 4. "Commission" means the state student assistance commission established by IC 20-12-21-4.

Sec. 5. "Eligible institution of higher learning" means:

- (1) a state educational institution (as defined in IC 20-12-0.5-1); or
- (2) a private institution of higher education (as defined in IC 20-12-63-3).

Sec. 6. "Full-time student" means an individual enrolled in an eligible institution of higher learning for at least twelve (12) semester credit hours in each enrollment period of an academic year at a semester based institution, or an equivalent number of hours at an institution using a different grading period.

Sec. 7. "Fund" means the Hoosier hope scholarship fund established by IC 21-48-8-1.

Sec. 8. "Hoosier hope scholar" means an applicant who has been accepted into the Hoosier hope scholars program.

Sec. 9. "Qualified employment" means full-time employment within Indiana as determined under criteria developed by the commission in cooperation with the department of state revenue and the department of workforce development.

Sec. 10. "Recipient" means:

- (1) a Hoosier hope scholar who is awarded a Hoosier hope scholarship under IC 21-48-2; or
- (2) a student who is awarded a:
 - (A) a critical needs nursing faculty scholarship under IC 21-48-4;
 - (B) a critical needs math and science teacher scholarship under IC 21-48-5; or

1 (C) an additional critical employment needs scholarship
 2 under IC 21-48-6.

3 Sec. 11. "Scholarship" means a scholarship that is:

4 (1) awarded under:

5 (A) the Hoosier hope scholars program under IC 21-48-2;
 6 or

7 (B) the critical employment needs program under
 8 IC 21-48-3, including:

9 (i) a critical needs nursing faculty scholarship under
 10 IC 21-48-4;

11 (ii) a critical needs math and science teacher scholarship
 12 under IC 21-48-5; or

13 (iii) an additional critical employment needs scholarship
 14 under IC 21-48-6; and

15 (2) subject to repayment if the recipient does not meet the
 16 requirements of this article, including:

17 (A) degree completion;

18 (B) postgraduation employment and residency; and

19 (C) other requirements specified by the commission when
 20 awarding a scholarship.

21 Chapter 2. Hoosier Hope Scholars Program

22 Sec. 1. As used in this chapter, "applicant" means a student in
 23 grade 12 who applies for acceptance into the Hoosier hope scholars
 24 program.

25 Sec. 2. (a) The Hoosier hope scholars program is established.

26 (b) The commission shall administer the Hoosier hope scholars
 27 program.

28 Sec. 3. (a) To be accepted into the Hoosier hope scholars
 29 program, an applicant must:

30 (1) be a resident of Indiana as determined by the commission;

31 (2) be enrolled in grade 12 or its equivalent at:

32 (A) a public or nonpublic accredited school in Indiana; or

33 (B) a nonaccredited nonpublic school in Indiana;

34 (3) be recommended by the student's school corporation of
 35 legal settlement if the student is enrolled in a public high
 36 school, or qualify as an outstanding scholar under criteria
 37 established by the commission if the applicant is enrolled in a
 38 nonpublic school;

39 (4) intend to pursue a course of study at an eligible institution
 40 of higher learning that will lead to a baccalaureate or
 41 associate degree;

42 (5) intend to reside in Indiana and maintain qualified

1 employment for at least two (2) consecutive years following
 2 the attainment of an associate degree or at least four (4)
 3 consecutive years following the attainment of a baccalaureate
 4 degree;

5 (6) submit an application to the commission in the form and
 6 manner required by the commission; and

7 (7) fulfill any other requirements established by the
 8 commission.

9 (b) Each school corporation in Indiana may recommend one (1)
 10 or more students for acceptance into the Hoosier hope scholars
 11 program based on the student's level of academic achievement
 12 under guidelines developed by the commission. The guidelines must
 13 include SAT or ACT scores and cumulative high school grade point
 14 averages, if available.

15 (c) This subsection applies to school corporations. The
 16 commission shall determine the maximum number of students that
 17 a school corporation may recommend in a year to receive an initial
 18 scholarship based on the senior class enrollment in each high
 19 school in the school corporation. The maximum number
 20 determined by the commission must be at least the following:

21 (1) One (1) scholarship if the senior class enrollment in the
 22 high school is not more than one hundred (100) students.

23 (2) Two (2) scholarships if the senior class enrollment in the
 24 high school is more than one hundred (100) and not more than
 25 two hundred (200) students.

26 (3) Three (3) scholarships if the senior class enrollment in the
 27 high school is more than two hundred (200) and not more
 28 than three hundred (300) students.

29 (4) Four (4) scholarships if the senior class enrollment in the
 30 high school is more than three hundred (300) and not more
 31 than four hundred (400) students.

32 (5) Five scholarships if the senior class enrollment in the high
 33 school is more than four hundred (400) students.

34 (d) This subsection applies to nonpublic schools. The
 35 commission shall establish guidelines for determining:

36 (1) whether an applicant enrolled in a nonpublic school is an
 37 outstanding scholar, based on the applicant's level of
 38 academic achievement; and

39 (2) the maximum number of scholarships to be awarded to
 40 students attending each nonpublic school.

41 The guidelines must include SAT or ACT scores and cumulative
 42 high school grade point averages, if available.

1 **Sec. 4. An applicant is eligible to receive an initial scholarship**
 2 **in an amount determined under section 6 of this chapter if the**
 3 **applicant:**

4 (1) enrolls as a full-time student in a baccalaureate or
 5 associate degree program at an eligible institution of higher
 6 learning in the academic year immediately following the
 7 scholar's high school graduation; and

8 (2) agrees in writing on a form developed by the commission
 9 to reside in Indiana and maintain qualified employment for at
 10 least two (2) consecutive years following the attainment of an
 11 associate degree or at least four (4) consecutive years
 12 following the attainment of a baccalaureate degree.

13 **Sec. 5. A scholarship must be renewed each academic year**
 14 **under procedures developed by the commission. To qualify for a**
 15 **scholarship renewal under this section, a recipient must:**

16 (1) remain enrolled as a full-time student in a baccalaureate
 17 or associate degree program at an eligible institution of higher
 18 learning;

19 (2) maintain satisfactory progress, as determined by the
 20 commission, toward a baccalaureate or associate degree; and

21 (3) maintain a cumulative grade point average of:

22 (A) at least 3.0 on a 4.0 grading scale; or

23 (B) an equivalent average as determined by the recipient's
 24 eligible institution of higher learning.

25 **Sec. 6. (a) The commission shall determine the amount of each**
 26 **scholarship awarded under this chapter.**

27 (b) Subject to section 9 of this chapter, a Hoosier hope scholar
 28 enrolled in an associate degree program at an eligible institution of
 29 higher learning may be awarded a scholarship in an amount of up
 30 to two thousand five hundred dollars (\$2,500) per academic year
 31 for not more than three (3) consecutive academic years. The total
 32 amount awarded to an individual recipient under this subsection
 33 for all academic years may not exceed five thousand dollars
 34 (\$5,000).

35 (c) Subject to section 9 of this chapter, a Hoosier hope scholar
 36 enrolled in a baccalaureate degree program at an eligible
 37 institution of higher learning may be awarded a scholarship in an
 38 amount of up to five thousand dollars (\$5,000) per academic year
 39 for not more than the normal time for completion of the degree, as
 40 determined by the commission, plus one (1) year. The total amount
 41 awarded to an individual recipient under this subsection for all
 42 academic years may not exceed twenty thousand dollars (\$20,000).

(d) Subject to section 9 of this chapter and subsection (g), a Hoosier hope scholar who:

(1) completes or transfers from an associate degree program at an eligible institution of higher learning; and

(2) enrolls in a baccalaureate degree program during the next academic year at an eligible institution of higher learning;

may be awarded up to five thousand dollars (\$5,000) per academic year for not more than two (2) consecutive years that the scholar is enrolled in the baccalaureate degree program and eligible to renew a scholarship under this chapter.

(e) The amount of a Hoosier hope scholarship awarded to a recipient in a year may not exceed the cost of attendance at the eligible institution of higher learning where the recipient is enrolled, minus the amount of any other scholarships that the recipient has been awarded.

(f) The amount of any other state financial aid received by a recipient may not be reduced because the recipient receives a Hoosier hope scholarship.

(g) Subject to section 9 of this chapter, the total amount awarded to a Hoosier hope scholar under this chapter may not exceed twenty thousand dollars (\$20,000).

(h) A scholarship awarded under this chapter shall be paid directly by the commission to the eligible institution of higher learning.

Sec. 7. A scholarship may be used by a recipient at any eligible institution of higher learning to defray any qualified higher education expenses (as defined in IC 21-9-2-19.5).

Sec. 8. The commission shall determine the number of scholarships available in an academic year based on appropriations made by the general assembly for this purpose.

Sec. 9. The commission may periodically adjust the maximum amount of individual scholarships under this chapter after review by the budget committee to reflect increased tuition costs at state educational institutions.

Chapter 3. Critical Employment Needs Program

Sec. 1. (a) The critical employment needs program is established.

(b) The commission shall administer the critical employment needs program.

Sec. 2. The commission shall award the following scholarships under the critical employment needs program:

(1) critical needs nursing faculty scholarships under

1 **IC 21-48-4;**

2 **(2) critical needs math and science teacher scholarships under**
 3 **IC 21-48-5; and**

4 **(3) additional critical employment needs scholarships under**
 5 **IC 21-48-6.**

6 **Chapter 4. Critical Needs Nursing Faculty Scholarships**

7 **Sec. 1. The critical needs nursing faculty scholarship program**
 8 **is established to encourage nursing instruction at eligible**
 9 **institutions of higher learning.**

10 **Sec. 2. To initially qualify for a scholarship from the fund, a**
 11 **student must:**

12 **(1) be enrolled in a master's or doctoral degree program at an**
 13 **eligible institution of higher learning;**

14 **(2) be pursuing a course of study that would enable the**
 15 **student, upon graduation, to teach nursing at an eligible**
 16 **institution of higher learning; and**

17 **(3) agree in writing on a form developed by the commission to**
 18 **reside in Indiana and teach nursing at an eligible institution**
 19 **of higher learning for at least three (3) consecutive years**
 20 **following the attainment of a master's or doctoral degree.**

21 **Sec. 3. A scholarship must be renewed each academic year**
 22 **under procedures developed by the commission. To qualify for a**
 23 **scholarship renewal under this section, a recipient must:**

24 **(1) comply with the criteria set forth in section 2 of this**
 25 **chapter;**

26 **(2) maintain satisfactory progress, as determined by the**
 27 **commission, toward a master's or a doctoral degree; and**

28 **(3) maintain a cumulative grade point average of:**

29 **(A) at least 3.0 on a 4.0 grading scale; or**

30 **(B) an equivalent average as determined by the recipient's**
 31 **eligible institution of higher learning.**

32 **Sec. 4. (a) The commission shall determine the amount of each**
 33 **scholarship awarded under this chapter.**

34 **(b) A recipient may be awarded a scholarship in an amount of**
 35 **up to five thousand dollars (\$5,000) per academic year in not more**
 36 **than the normal time for completion of the degree, as determined**
 37 **by the commission, plus one (1) year. The total amount of the**
 38 **scholarships awarded to an individual recipient under this**
 39 **subsection for all academic years may not exceed ten thousand**
 40 **dollars (\$10,000).**

41 **(c) The amount of a scholarship awarded under this chapter**
 42 **may not exceed the cost of attendance at the eligible institution of**

higher learning where the recipient is enrolled, minus the amount of any other scholarships that the recipient has been awarded.

(d) The amount of any other state financial aid received by a recipient may not be reduced because the recipient is awarded a scholarship under this chapter.

(e) A scholarship awarded under this chapter shall be paid directly by the commission to the eligible institution of higher learning.

Sec. 5. A scholarship may be used by a recipient at any eligible institution of higher learning to defray any qualified higher education expenses (as defined in IC 21-9-2-19.5).

Sec. 6. The commission shall determine the number of scholarships available in an academic year based on appropriations made by the general assembly for this purpose.

Sec. 7. This chapter expires July 1, 2012.

Chapter 5. Critical Needs Math and Science Teacher Scholarships

Sec. 1. The critical needs math and science teacher scholarship program is established.

Sec. 2. To initially qualify for a scholarship from the fund, a student must:

(1) be enrolled as a full-time student pursuing a math or science major in a baccalaureate degree program at an eligible institution of higher learning; and

(2) agree in writing on a form developed by the commission to reside in Indiana and teach math or science courses at a school corporation in Indiana:

(A) with a complexity index of 1.2 or higher as determined by the department of education; or

(B) that has a disproportionately high at-risk enrollment, as determined by the department of education, if the complexity index is not available or is no longer calculated; for at least four (4) consecutive years following the attainment of a baccalaureate degree.

Sec. 3. A scholarship must be renewed each academic year under procedures developed by the commission. To qualify for a scholarship renewal under this section, a recipient must:

(1) comply with the criteria set forth in section 2 of this chapter;

(2) maintain satisfactory progress, as determined by the commission, toward a baccalaureate degree; and

(3) maintain a cumulative grade point average of:

1 (A) at least 3.0 on a 4.0 grading scale; or

2 (B) an equivalent average as determined by the recipient's
3 eligible institution of higher learning.

4 Sec. 4. (a) The commission shall determine the amount of each
5 scholarship awarded under this chapter.

6 (b) A recipient may be awarded a scholarship in an amount of
7 up to five thousand dollars (\$5,000) per academic year in not more
8 than the normal time for completion of the degree, as determined
9 by the commission, plus one (1) year. The total amount of the
10 scholarships awarded to an individual recipient under this
11 subsection for all academic years may not exceed twenty thousand
12 dollars (\$20,000).

13 (c) The amount of a scholarship awarded under this chapter
14 may not exceed the cost of attendance at the eligible institution of
15 higher learning where the recipient is enrolled, minus the amount
16 of any other scholarships that the recipient has been awarded.

17 (d) The amount of any other state financial aid received by a
18 recipient may not be reduced because the recipient is awarded a
19 scholarship under this chapter.

20 (e) A scholarship awarded under this chapter shall be paid
21 directly by the commission to the eligible institution of higher
22 learning.

23 Sec. 5. A scholarship may be used by a recipient at any eligible
24 institution of higher learning to defray any qualified higher
25 education expenses (as defined in IC 21-9-2-19.5).

26 Sec. 6. The commission shall determine the number of
27 scholarships available in an academic year based on
28 appropriations made by the general assembly for this purpose.

29 Sec. 7. This chapter expires July 1, 2012.

30 Chapter 6. Additional Critical Employment Needs Scholarships

31 Sec. 1. The additional critical employment needs scholarship
32 program is established.

33 Sec. 2. (a) The Indiana economic development corporation and
34 the department of workforce development shall determine if
35 scholarship programs in addition to the critical needs nursing
36 faculty scholarship program under IC 21-48-4 and the critical
37 needs math and science teacher scholarship program under
38 IC 21-48-5 should be established to increase employment in
39 occupations for which there is a critical need in Indiana.

40 (b) If the Indiana economic development corporation and the
41 department of workforce development determine that scholarships
42 should be awarded under this chapter, the Indiana economic

development corporation and the department of workforce development shall submit the proposed scholarship program to the commission and the budget committee for review. After review by the budget committee and approval by the budget agency, the commission may implement the proposed scholarship program.

Sec. 3. To initially qualify for a scholarship from the fund, a student must:

- (1) be enrolled as a full-time student in a baccalaureate degree program at an eligible institution of higher learning;
- (2) be pursuing a course of study that would enable the student, upon graduation, to be employed in an occupation for which the commission and the department have determined there is a critical need in Indiana; and
- (3) agree in writing on a form developed by the commission to reside in Indiana and be employed in the occupation for at least four (4) consecutive years following the attainment of a baccalaureate degree.

Sec. 4. A scholarship must be renewed each academic year under procedures developed by the commission. To qualify for a scholarship renewal under this section, a recipient must:

- (1) comply with the criteria set forth in section 3 of this chapter;
- (2) maintain satisfactory progress, as determined by the commission, toward a baccalaureate degree; and
- (3) maintain a cumulative grade point average of:
 - (A) at least 3.0 on a 4.0 grading scale; or
 - (B) an equivalent average as determined by the recipient's eligible institution of higher learning.

Sec. 5. (a) The commission shall determine the amount of each scholarship awarded under this chapter.

(b) A recipient may be awarded a scholarship in an amount of up to five thousand dollars (\$5,000) per academic year in not more than the normal time for completion of the degree, as determined by the commission, plus one (1) year. The total amount of the scholarships awarded to an individual recipient under this subsection for all academic years may not exceed twenty thousand dollars (\$20,000).

(c) The amount of a scholarship awarded under this chapter may not exceed the cost of attendance at the eligible institution of higher learning where the recipient is enrolled, minus the amount of any other scholarships that the recipient has been awarded.

(d) The amount of any other state financial aid received by a

recipient may not be reduced because the recipient is awarded a scholarship under this chapter.

(e) A scholarship awarded under this chapter shall be paid directly by the commission to the eligible institution of higher learning.

Sec. 6. A scholarship may be used by a recipient at any eligible institution of higher learning to defray any qualified higher education expenses (as defined in IC 21-9-2-19.5).

Sec. 7. The commission shall determine the number of scholarships available in an academic year based on appropriations made by the general assembly for this purpose.

Sec. 8. This chapter expires July 1, 2012.

Chapter 7. Employment Requirements

Sec. 1. As used in this chapter, "qualified employment" means the postgraduate employment requirement accepted by a recipient in writing as a condition of receiving a scholarship under this article.

Sec. 2. (a) Except as otherwise provided in this chapter, a recipient shall repay the commission for the total amount of a scholarship received by the recipient under this article if the recipient does not:

(1) complete an associate degree, postgraduate degree, or baccalaureate degree within the normal time for completion of the degree, as determined by the commission, plus one (1) year; and

(2) reside in Indiana upon graduation and maintain qualified employment as required under the terms of the scholarship awarded to the recipient.

(b) For purposes of this chapter, the repayment period begins when a recipient:

(1) is no longer enrolled in a degree program at an eligible institution of higher learning and has not attained a degree;

(2) has attained a degree but has not made a good faith effort to comply with the recipient's written commitment to reside in Indiana and maintain qualified employment; or

(3) has been granted a deferment from the repayment obligation by the commission and has not made a good faith effort to comply with the recipient's written commitment to reside in Indiana and maintain qualified employment upon the termination of the deferral period.

(c) Except as otherwise provided in this chapter, repayment shall be made to the commission within ten (10) years after the

1 repayment period begins and shall follow a repayment schedule
2 established by the commission.

3 (d) A recipient who is required to repay a scholarship awarded
4 under this article shall be charged interest at a rate determined by
5 the commission. The interest rate charged under this section may
6 not exceed the maximum interest rate for federal financial aid in
7 effect at the time repayment is due.

8 (e) The commission may enter into contracts with one (1) or
9 more vendors to assist in collecting any repayment amounts owed
10 under this article.

11 (f) Amounts collected under this section shall be deposited in the
12 fund.

13 Sec. 3. (a) The commission may waive or defer repayment in the
14 event of disability, illness, or other extenuating circumstances, as
15 determined by the commission, that prevent the recipient from
16 attaining a degree in the time required under section 2 of this
17 chapter or fulfilling the postgraduate employment requirements
18 under this article.

19 (b) The commission shall grant a deferment from repayment to:

20 (1) a recipient who is assigned military duty;

21 (2) a recipient whose spouse is assigned military duty; and

22 (3) a recipient who has attained the degree for which the
23 scholarship was awarded but is pursuing post-graduate
24 studies at an Indiana institution of higher learning or an
25 out-of-state institution of higher learning.

26 (c) In determining the length of a deferment period granted
27 under this section, the commission shall consider each recipient's
28 individual circumstances and ability to comply with the recipient's
29 written commitment. Deferments shall be granted in twelve (12)
30 month increments but may not exceed a total of sixty (60)
31 consecutive months.

32 (d) A recipient who is seeking a waiver or deferment from the
33 repayment obligation under this section shall demonstrate
34 compliance with the postgraduation employment requirements by
35 submitting a letter from the recipient's employer to the
36 commission, along with any other documentation required by the
37 commission, under procedures developed by the commission. The
38 commission may request assistance from the department of state
39 revenue and the department of workforce development in order to
40 verify that the recipient has complied with the postgraduation
41 employment requirements.

42 Sec. 4. As provided in IC 6-3-2-21, the amount of a repayment

that is waived or deferred under this chapter is exempt from taxation under IC 6-3-1 through IC 6-3-7.

Chapter 8. Hoosier Hope Scholarship Fund

Sec. 1. (a) The Hoosier hope scholarship fund is established within the state treasury to provide scholarships to applicants who qualify under this article.

(b) The fund consists of:

(1) Amounts transferred from the lottery management agreement fund under IC 4-30-21.

(2) Appropriations from the general assembly.

(3) Grants and gifts intended for deposit in the fund.

(4) Interest or other earnings on the fund.

(5) Grant repayments or forfeitures under this article.

(c) The commission shall administer the fund. Subject to appropriation by the general assembly, money in the fund may be used to provide scholarships to applicants who qualify under this article.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(e) The fund is considered a trust fund for purposes of IC 4-9.1-1-7. Money may not be transferred, assigned, or otherwise removed from the fund by the state board of finance, the budget agency, or any other state agency.

(f) Money remaining in the fund at the end of a state fiscal year does not revert to the state general fund.

(g) All expenditures from the fund are subject to appropriation by the general assembly.

SECTION 70. IC 4-30-11-9 IS REPEALED [EFFECTIVE UPON PASSAGE].

SECTION 71. [EFFECTIVE UPON PASSAGE] Notwithstanding IC 4-30-8.5, as added by this act, an unlicensed vendor that:

(1) is awarded a major procurement contract by the commission before the effective date of a management agreement; and

(2) submits an application for a vendor's license; may continue to furnish goods or services for the lottery for not more than one hundred eighty (180) days after the effective date of the management agreement.

SECTION 72. [EFFECTIVE UPON PASSAGE] (a) The definitions set forth in IC 4-30-21, as added by this act, apply to this SECTION.

1 **(b) If the state lottery commission enters into a management**
 2 **agreement under IC 4-30-21, as added by this act, the Indiana**
 3 **gaming commission shall adopt temporary rules to implement this**
 4 **act in the manner provided for the adoption of emergency rules**
 5 **under IC 4-22-2-37.1.**

6 **(c) A temporary rule adopted under this SECTION expires on**
 7 **the earliest of the following:**

8 **(1) The date that another temporary rule adopted under this**
 9 **SECTION supersedes or repeals the previously adopted**
 10 **temporary rule.**

11 **(2) The date that a permanent rule adopted under IC 4-22-2**
 12 **supersedes or repeals the temporary rule.**

13 **(3) The date specified in the temporary rule.**

14 **SECTION 73. [EFFECTIVE UPON PASSAGE] The provisions of**
 15 **this act are severable in the manner provided by IC 1-1-1-8(b).**

16 **SECTION 74. [EFFECTIVE UPON PASSAGE] (a) The definitions**
 17 **set forth in IC 4-30-21 apply to this SECTION.**

18 **(b) Actions taken with respect to:**

19 **(1) the issuance of a request for qualifications; and**

20 **(2) the determination of responsible and eligible offerors;**

21 **for a management agreement before the effective date of this act**
 22 **that would have been valid under IC 4-30-21, as added by this act,**
 23 **are legalized and validated.**

24 **SECTION 75. An emergency is declared for this act.**

25 Renumber all SECTIONS consecutively.

(Reference is to SB 577 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 7, Nays 5.

Senator Kenley, Chairperson